

# An Act Providing Equitable Coverage in Disability Insurance

H. 784 — Rep. Ruth Balser and Sen. Jason Lewis

**Q:** Why should women pay more than men for the same disability insurance benefits?

**A:** They shouldn't. Pass H.784

## Disability Insurance

Disability insurance is a contract in which a policyholder pays premiums in exchange for payouts to replace lost income in the event of a non-job related accident or illness.

Currently, state-regulated disability insurance is classified by sex, and filings at the Division of Insurance show different premiums for men and women with the same job classification. For example, male nurses pay less than female nurses for the same disability policy. This is discrimination and it should be fixed.

Workers Compensation Insurance, which all employers are required by law to purchase, is gender-neutral. Additionally, disability insurance purchased through an employer is also gender-neutral. In Massachusetts, individual disability policies account for 11% of all disability policies. That amounts to over 182,000 people with individual, gender-rated insurance policies. These policies should be gender neutral too.

## It's the Next Step

"Equality under the law shall not be denied or abridged because of sex, race, color, creed or national origin."

-- MA Equal Rights Amendment

Shortly after the adoption of the Massachusetts E.R.A. in 1976, a specially-designated legislative committee concluded that this language requires insurance policies to be gender neutral. Men and women should pay the same premiums and get the same benefits. Since then, the legislature has taken action to carry out this mandate. Today, health insurance, automobile insurance, homeowners' insurance, and annuity policies may not use gender as an underwriting criterion.

However, disability policies are still different for men and women. *An Act Providing for Equitable Coverage in Disability Policies* would take the next step and make all disability insurance policies in Massachusetts gender neutral.

## Ending Discrimination

Treating individuals differently based on group characteristics, such as race and gender, is discriminatory. There is no legitimate reason for insurance companies to consider gender in underwriting policies, just as there is no legitimate reason for insurance companies to consider race, color, religion, marital status, or national origin.

That's why the Supreme Court has said that it is illegal and discriminatory for employers to provide insurance policies with different terms for male and female employees. As Thurgood Marshall stated, "Even a true generalization about a class cannot justify class-based treatment" under the law. (*Arizona Governing Committee v. Norris*, 1983).

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This legislation would bring Massachusetts disability insurance into line with all insurance provided by employers subject to federal non-discrimination law, as well as Massachusetts health insurance, automobile insurance, homeowners' insurance, and annuities.

# Women pay more than men for the same disability insurance benefits.

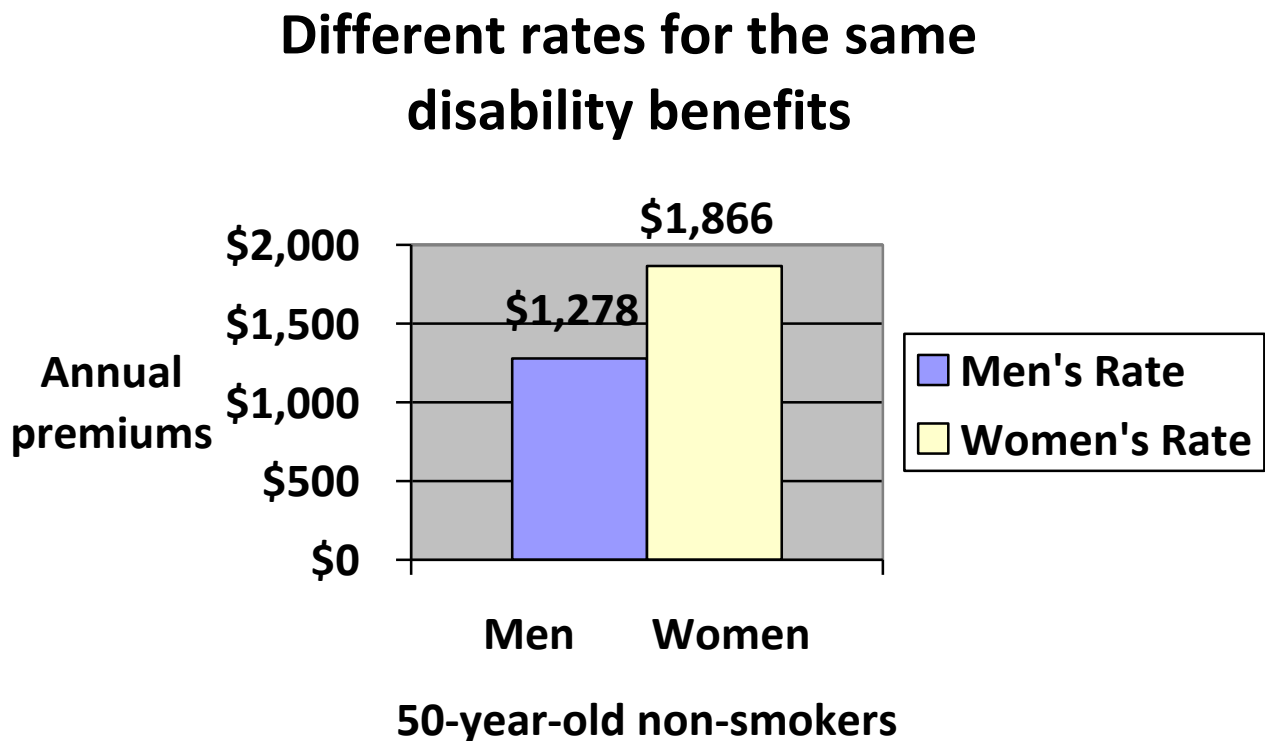
Filings with the Division of Insurance show that women in Massachusetts pay more – *much* more – for the same disability insurance benefits as men in the same occupation class.

This is true across the board, regardless of the insurance company, the age of the purchaser, the occupation class, the duration of benefits, whether long-term or short-term disability insurance, etc.

**In every case, women pay more.** On average, women pay **23.5% more** than men<sup>1</sup>. However, sometimes it is even more than that. Under some policies, women pay **61% more** than men.<sup>2</sup>

## Example<sup>3</sup>:

To purchase a disability insurance policy worth \$5000 in monthly benefits, a 50 year old, non-smoking woman would have to pay almost **46% more** than a 50-year old, non-smoking man with the same occupation. That's almost an extra **\$600/year**. And over the lifetime of the policy, that means **thousands of dollars more** than men. Here's what that looks like...



Let's end this discrimination. Pass H.784

<sup>1</sup> Based on filings between 2012 and 2015 with the Division of Insurance.

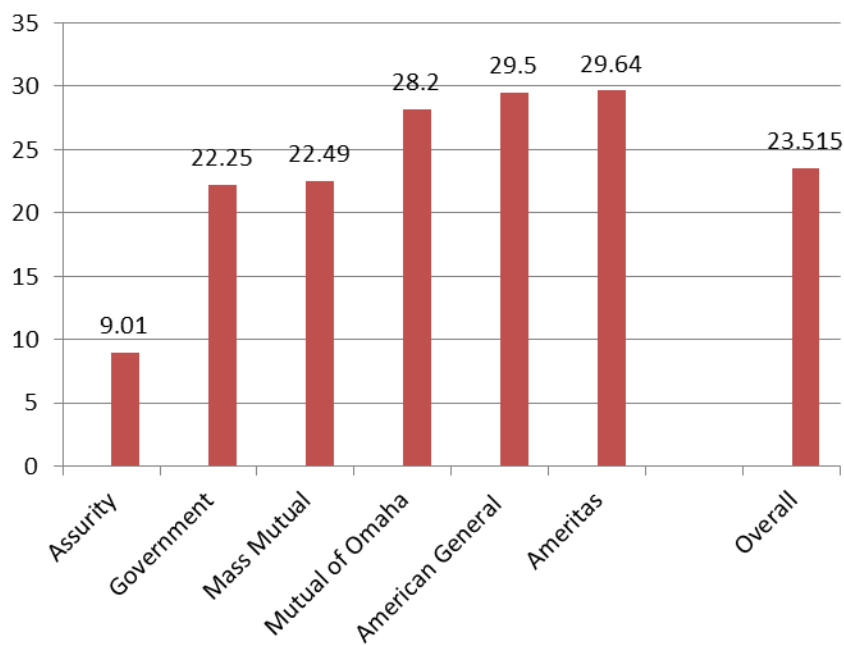
<sup>2</sup> Government Personnel Life and Accident filings with the Division of Insurance, Class 4A

<sup>3</sup> American General Life and Accident Insurance Company filings with the Division of Insurance, Class 4

# How much more do women pay?

Below are the average differences between the rate women pay and the rate men pay under six companies that updated their rates with the Division of Insurance from 2012-2015. The differences are taken as a percentage of the men's rates.

## Percentage extra that women pay for disability insurance



As you can see, women pay more in **every case**. Women pay 9% more than men on average under Assurity insurance, and almost 30% more than men on average under Ameritas. Overall, **the average difference is just over 23.5%**

**But that's not all.** The average number does not reflect how high the difference can go. Under some policies, women pay **OVER 60% MORE** than men **for the same insurance.**

Let's end this discrimination. Pass H.784.

The following organizations support

## **Gender Equity in Insurance**

*H.784, An Act Providing Equitable Coverage in Disability Insurance*

American Association of University Women of Massachusetts

American Civil Liberties Union of Massachusetts

Boston Women's Health Collective (Our Bodies Ourselves)

Jewish Alliance for Law and Social Action

League of Women Voters of Massachusetts

Massachusetts AFL-CIO

Massachusetts Association for Older Americans

Massachusetts Commission on the Status of Women

Mass. NOW- National Organization for Women

Massachusetts Nurses Association

Massachusetts Teachers Association

Massachusetts Women's Political Caucus

MASSPIRG

National Association of Social Workers- Massachusetts

SEIU 509

Women's Bar Association of Massachusetts

"Equality under the law shall not be denied or abridged because of sex, race, color, creed or national origin."

*-Massachusetts Equal Rights Amendment (Art. CVI of the state constitution)*

"[A] generalization about a class cannot justify class-based treatment."

*-Justice Thurgood Marshall (US Supreme Court, 1983)*